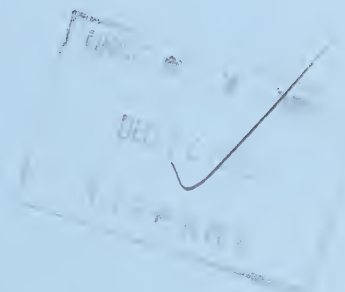




public  
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1997-98

volume 3 — summary  
financial  
statements



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Manitoba  
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## INTRODUCTION TO THE PUBLIC ACCOUNTS OF MANITOBA

The Public Accounts of the Province of Manitoba are prepared by statutory requirement, in accordance with the Financial Administration Act. The Public Accounts for the fiscal year ended March 31, 1997 consist of four volumes:

### Volume 1 –

Contains the Financial Statements of the Operating Fund and Special Funds of the government and schedules of supporting information.

Contains the details of financial statements.

Contains the details of borrowings and guarantees.

Contains the details of operating fund revenue and expenditure.

Contains information provided under statutory requirement.

### Volume 2 –


Contains details of compensation paid to employees as well as payments to corporations, firms, individuals, other governments and government agencies.

### Volume 3 –

Contains the Summary Financial Statements of the government and schedules of supporting information. These statements reflect the consolidation of the financial operations of all organizations integral to the overall operations of government in performing its executive function.

### Volume 4 –

Contains the financial statements of funds, organizations, agencies and enterprises comprising the government reporting entity.



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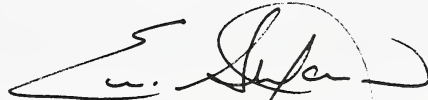
## STATEMENT OF RESPONSIBILITY

The Summary Financial Statements are prepared under the direction of the Minister of Finance in accordance with the stated accounting policies of the government reporting entity and include consolidated statements of financial position, revenue and expenditure, accumulated deficit, changes in financial position, schedules and notes to the statements. Together, they present fairly, in all material respects, the financial condition of the government reporting entity at the fiscal year end and the results of its operations for the year then ended.

The Government is responsible for the integrity and objectivity of the Summary Financial Statements. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. The government believes such estimates have been based on careful judgements and have been properly reflected in the Summary Financial Statements.

These financial statements are tabled in the Legislature. They are referred to the Standing Committee on Public Accounts, which reports to the Legislature on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

On behalf of the Government



HONOURABLE ERIC STEFANSON  
Minister of Finance  
November, 1998







*Office of the Provincial Auditor*

1230 - 405 Broadway  
Winnipeg, Manitoba  
CANADA R3C 3L6

## **AUDITOR'S REPORT**

### **To the Legislative Assembly of Manitoba**

I have audited the consolidated statement of financial position of the Government of the Province of Manitoba as at March 31, 1998 and the consolidated statements of revenue and expenditure, accumulated deficit and changes in financial position for the year then ended. These consolidated statements are referred to as the summary financial statements and are the responsibility of the Government of the Province of Manitoba. My responsibility is to express an opinion on these summary financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these summary financial statements present fairly, in all material respects, the consolidated financial position of the Government of the Province of Manitoba as at March 31, 1998 and the consolidated results of its operations and changes in its financial position for the year then ended in accordance with the accounting policies stated in Note 1 to the summary financial statements and applied, except as described in Note 3 to the summary financial statements, on a basis consistent with that of the preceding year.

Winnipeg, Manitoba  
November 23, 1998

Jon Singleton, CA  
Provincial Auditor



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 1998  
(with restated comparative figures for 1997)

SCHEDULE		(\$ millions)	
		1998	1997
<b>LIABILITIES</b>			
1	Borrowings.....	17,661	17,159
	Less: Sinking funds.....	5,053	4,530
		<u>12,608</u>	<u>12,629</u>
	Less: Unamortized foreign currency fluctuation.....	283	273
	Net borrowings	<u>12,325</u>	<u>12,356</u>
2	Accounts payable, accrued charges, provisions and deferred revenue.....	1,227	1,209
	Pension liability (Note 8).....	2,572	2,182
		<u>16,124</u>	<u>15,747</u>
<b>ASSETS</b>			
	Cash and equivalents.....	722	511
3	Amounts receivable.....	665	903
4	Loans and advances.....	5,525	5,425
5	Equity in government enterprises.....	736	535
6	Other long-term investments.....	21	21
	Assets under development (Note 1 A).....	31	-
		<u>7,700</u>	<u>7,395</u>
<b>ACCUMULATED DEFICIT</b>		<u>8,424</u>	<u>8,352</u>
		<u>16,124</u>	<u>15,747</u>

Information concerning guarantees, financial commitments and contingencies can be found in notes 5, 6, and 7.

## CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE

For the Year ended March 31, 1998  
(with restated comparative figures for 1997)

	(\$ millions)	
	1998	1997
<b>REVENUE</b>		
Manitoba collections:		
Retail sales tax.....	830	761
Fuel taxes.....	218	218
Levy for health and education.....	216	209
Liquor Control Commission.....	149	144
Other taxes.....	362	330
Fees and other revenue.....	1,061	1,070
Incomes taxes:		
Corporation income tax.....	193	241
Individual income tax.....	1,431	1,412
Federal transfers:		
Equalization.....	1,164	1,087
Canada Health and Social Transfer.....	507	586
Shared cost and other.....	323	118
<b>TOTAL REVENUE</b>	<b>6,454</b>	<b>6,176</b>
<b>EXPENDITURE</b>		
Health.....	1,966	1,937
Education and Training.....	1,555	1,531
Family Services.....	658	658
Economic and resource development.....	894	633
Assistance to local governments and taxpayers.....	300	303
Justice, administration and other government services.....	575	518
Debt servicing.....	534	561
<b>TOTAL EXPENDITURE</b>	<b>6,482</b>	<b>6,141</b>
<b>INCREASE (DECREASE) IN EQUITY IN GOVERNMENT ENTERPRISES (Schedules 5 and 8)...</b>	<b>201</b>	<b>(37)</b>
<b>NET REVENUE (EXPENDITURE) BEFORE EXTRAORDINARY ITEMS</b>	<b>173</b>	<b>(2)</b>
<b>EXTRAORDINARY ITEMS</b>		
Net proceeds from The Manitoba Telephone System divestiture.....	-	415
Less: Debt repayment - hospitals and personal care homes.....	-	(150)
	-	265
<b>CONSOLIDATED NET INCOME (Schedule 8)</b>	<b>173</b>	<b>263</b>

## CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT

For the Year ended March 31, 1998  
(with restated comparative figures for 1997)

	(\$ millions)	
	1998	1997
Balance, beginning of year (as previously reported).....	8,333	6,246
Restatement of comparative figures (Note 13).....	<u>19</u>	<u>351</u>
Balance, beginning of year (as restated).....	8,352	6,597
Changes in accounting policy (Note 3).....	250	2,029
Consolidated net income for the year.....	(173)	(263)
Repurchase of serial debentures (Note 1E).....	(9)	(11)
Taxation - doubtful accounts receivable (Note 3).....	<u>4</u>	<u>-</u>
Balance, end of year.....	<u><u>8,424</u></u>	<u><u>8,352</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1998  
(with restated comparative figures for 1997)

	(\$ millions)	
	1998	1997
Cash and equivalents provided by (used in)		
Operating activities:		
Consolidated net income for the year .....	173	263
Changes in non-cash items:		
Amortization of foreign currency fluctuation.....	38	40
Amortization of debt discount.....	10	12
Valuation allowances.....	8	8
	<u>229</u>	<u>323</u>
Changes in:		
Amounts receivable.....	242	(270)
Accounts payable, accrued charges, provisions and deferred revenue.....	5	27
Pension liability.....	153	143
Assets under development.....	(31)	-
Changes in equity in government enterprises.....	(201)	37
	<u>397</u>	<u>260</u>
Investing activities:		
Made.....	(583)	(120)
Realized.....	509	763
	<u>(74)</u>	<u>643</u>
Financing activities:		
Debt issued.....	1,660	1,423
Debt redeemed.....	(1,259)	(1,401)
Changes in sinking funds.....	(513)	(694)
	<u>(112)</u>	<u>(672)</u>
Changes in cash and equivalents.....	211	231
Cash and equivalents, beginning of year.....	511	280
Cash and equivalents, end of year.....	<u>722</u>	<u>511</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 1998

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. General Basis of Accounting

The Summary Financial Statements have been prepared in accordance with generally accepted public sector accounting principles established by the Canadian Institute of Chartered Accountants (CICA), with certain exceptions:

- 1) Regional Health Authorities (RHA's) have not been included in the reporting entity. Note 2 describes this exception in more detail.
- 2) The assets under development through the Government Information Systems Management Organization Inc. and the Health Information Services of Manitoba have not been restated to the expenditure basis of accounting for capital assets. Because the government is in transition to full capitalization of its capital assets, it was determined that it would not be appropriate to expense these development costs (\$31 million) as they are incurred because they will become capital assets when the capitalization policy is implemented in the year 1999-2000.
- 3) Accrued severance benefits have not been recorded.
- 4) Material adjustments resulting from changes in accounting policy or from the correction of an error which are attributable to and identifiable with prior periods are recorded as prior period adjustments. It is the government's practice to prospectively reflect the effects of such adjustments in the accumulated deficit. Prior year balances are therefore not restated.

These accounting policies have been developed and are applied in accordance with the provisions of the Financial Administration Act of the Province of Manitoba.

#### B. The Reporting Entity

The various funds, organizations and enterprises, excluding RHA's, comprising the government reporting entity for the March 31, 1998 Summary Financial Statements are listed in Schedule 7.

The Operating Fund and Special Funds financial statements that are published in volume 1 of the Public Accounts report amounts recorded as government revenue, expenditure on government programs, the lending and investment of government funds and the borrowing and repayment of debt. The activities of the special funds, which are considered to be part of the government reporting entity, are also reported in the Operating Fund and Special Funds financial statements.

To be considered a part of the government's reporting entity, an organization must be accountable for the administration of its financial affairs and resources to a minister of the government, or directly to the Legislature, and must be owned and/or controlled by the government, as determined by legislative provisions or by a majority holding of voting share capital.

Health and educational institutions receive most of their financial resources from voted appropriations which are recorded as expenditures. Except for RHA's, the majority of these institutions are separately incorporated, not owned or controlled by the government and are required to report separately on their stewardship. Accordingly, other than those listed in Schedule 7, they are not consolidated in these financial statements.



### C. Basis of Consolidation

Crown organizations are consolidated after adjusting their accounting policies to a basis consistent with the accounting policies of the government reporting entity. Inter-entity accounts and transactions are eliminated upon consolidation, except for retail sales tax and the levy for health and education. Where the fiscal year end dates of Crown organizations are not the same as that of the government reporting entity and their transactions significantly affect the financial statements, their financial results are updated to March 31.

Government enterprises, whose principal activity is carrying on a business, maintain their accounts in accordance with accounting principles which are generally accepted for business enterprises and which are considered appropriate to their individual objectives and circumstances. They derive the majority of their revenue from sources outside the government reporting entity. They are reported in these Summary Financial Statements using the modified equity method of accounting without adjusting their accounting policies to a basis consistent with that of the government reporting entity. The financial results of enterprises are not updated to March 31 where their fiscal year end is not the same as that of the government reporting entity. Inter-entity accounts and transactions with government enterprises are not eliminated, nor are normal operating inter-entity transactions disclosed separately. Supplementary financial information describing the financial position and results of operations of these enterprises is presented in Schedule 5.

### D. Basis of Specific Accounting Policies

#### Revenue

All revenues are recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

#### Expenditures

All expenditures incurred for goods and/or services received are recorded on an accrual basis.

Exceptions to the accrual basis of accounting are as follows:

- 1) **Federal Transfers** - Entitlements from the Government of Canada are recorded on a cash basis except for accruals of prior year adjustments determined before June 30 each year.
- 2) **Capital Assets and Inventories** - The acquisition and/or construction of capital assets and the acquisition of inventories are reflected as expenditures when incurred, except as described in note 1.A.2.
- 3) **Severance Benefits** - Entitlements are recorded on a cash basis in the period that employees retire or otherwise qualify to receive payments. The government does not record its liability for the unfunded cost of severance benefits earned by employees. Severance benefits are contingent on the period of service and other conditions.

Expenditures include provisional amounts recorded in anticipation of future costs, which are quantifiable and have been identified as obligations such as computer system upgrades and housing renovations.

#### Gross Accounting Concept

Revenues and expenditures are recorded in gross amounts with the following exceptions.

- 1) The municipal share of individual and corporation income taxes, which is paid to municipalities in accordance with the Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure.
- 2) Refunds of revenue are treated as reductions of current year revenue.
- 3) Decreases in valuation allowances previously provided are treated as reductions to expenditure.
- 4) Recoveries of the debt servicing costs on self-supporting debt and income earned on investments and advances are recorded as a reduction of debt servicing expenditure.



**Liabilities and Assets**

- 1) All borrowings are expressed in Canadian dollars and are shown net of sinking funds, unamortized debt issue costs and debt of the Province of Manitoba held as provincial investments. Foreign borrowings are converted at the exchange rate in effect at March 31 adjusted for any foreign currency contract entered for settlement after the fiscal year end. Discounts or premiums, and commissions incurred at the time of the issue of debt are amortized annually to debt servicing expense over the term of the debt.
- 2) The amount of the pension liability is based on actuarial calculations. When actual experience varies from actuarial estimates, the adjustments needed are amortized over the estimated remaining service lives of plan members.
- 3) The unamortized portion of foreign currency fluctuation reflects the gains or losses on the conversion of foreign currency debt called prior to maturity using the rates in effect at the time of the call. The year end translation adjustments reflecting the foreign currency fluctuation from the value at the issue date are recorded through the unamortized foreign currency fluctuation account, and amortized annually to debt servicing expense over the remaining term of the debt.
- 4) Loans, advances and long-term investments are recorded at cost less valuation allowances. A valuation allowance is provided to reduce the value of the assets to their estimated realizable value or to reflect the impact of significant concessionary terms on outstanding loans.
- 5) Investments denominated in foreign currency are translated to the Canadian dollar equivalent at the exchange rate in effect at March 31, unless the rate of exchange or a forward exchange contract fixing the value has been negotiated, in which case that rate or amount is used. The year end investment translation adjustments reflecting the foreign exchange fluctuation between year ends are amortized annually to debt servicing expense over the remaining life of the investment. Expenses and other transaction charges incurred on the purchase of investments during the year are charged to debt servicing expense. Those expenses incurred in foreign currency are translated at the exchange rate in effect on the transaction date.

**E. Serial Debentures of School Divisions and Districts**

The accumulated deficit of the government reporting entity includes amounts related to serial debentures of school divisions and districts, acquired by the government in prior years. The government is primarily responsible for funding the redemption of these debentures; accordingly these amounts are not reflected as assets. As the funding for annual redemptions flow from the appropriations of the government to the school divisions and districts, and then back to the Province, the accumulated deficit of the government reporting entity is reduced by the amount of such redemptions.

**2. REGIONAL HEALTH AUTHORITIES**

Regional Health Authorities (RHA's) are in a transitional phase of development. While the rural authorities were established at March 31, 1998, the Winnipeg authorities were not operational until a later date. Because of the potential confusion resulting from this transition, it was decided that the RHA's would not be included in the reporting entity. The intention is that they will be added in the fiscal year 1999-2000. The impact of this decision is that the RHA assets of \$144 million, liabilities of \$125 million, revenue of \$59 million and expenditures of \$57 million are not included in these financial statements. Based on the current accounting policies of the reporting entity, capital assets of \$110 million would have been written off against the accumulated deficit.

### 3. PRIOR PERIOD ADJUSTMENTS

From time to time, situations are identified where certain revenues or expenditures have not been converted to the accrual basis of accounting. During the year, it was determined that costs associated with the Municipal Assistance Program should have been accrued at March 31, 1997. In addition, the accounting policy was changed so that the Civil Service Pension Plan and Teachers' Pension Plan portions of the pension liability will be shown on an indexed basis. As well, additional pension plan and vacation pay liabilities were converted to the accrual basis of accounting. The effect of these adjustments resulted in an increase in the accumulated deficit of \$250 million, with a corresponding \$3 million increase in salary and benefits payable, a \$10 million Municipal Assistance Program payable and a \$237 million increase in pension liability.

As a result of a misinterpretation of information, the initial allowance for doubtful taxation accounts receivable at March 31, 1995 was understated. The required adjustment resulted in an increase in the accumulated deficit of \$4 million, with a corresponding decrease in net accounts receivable.

### 4. EQUITY IN GOVERNMENT ENTERPRISES

A summary of consolidated operating results and financial position for government enterprises is displayed in Schedule 5. The category definitions are as follows.

**Utility:**

An enterprise which provides public utility services for a fee.

**Insurance:**

An enterprise which provides insurance coverage services to the public for a fee.

**Finance:**

Enterprises which provide regulatory control and are revenue generating, or enterprises which use economy of scale to deliver goods and services to non-government clients.

**Resource Development:**

Enterprises charged with the development of various industries and/or the delivery of various goods and services which will assist the provincial economy.

Included in the equity in government enterprises are equities which are restricted for use by provincial legislation and thereby not available to discharge government liabilities or to finance other government programs.

Equity in government enterprises is comprised of:

	(\$ millions)	
	1998	1997
Restricted Equity in Government Enterprises:		
Manitoba Hydro-Electric Board	566	455
Manitoba Public Insurance Corporation	98	21
Workers Compensation Board	53	38
	<u>717</u>	<u>514</u>
Unrestricted Equity in Government Enterprises:		
Leaf Rapids Town Properties Ltd	3	3
Manitoba Hazardous Waste Management Corporation	6	6
Manitoba Product Stewardship Corporation	6	6
Manitoba Public Insurance Corporation	4	5
Other	-	1
	<u>19</u>	<u>21</u>
Equity in Government Enterprises	<u>736</u>	<u>535</u>

## 5. GUARANTEES

The government reporting entity has guaranteed the repayment of promissory notes, bank loans, lines of credit, mortgages and other securities. The outstanding guarantees are as follows.

	(\$ millions)	
	1998	1997
Promissory notes, bank loans, lines of credit and other	84	91
Manitoba Grow Bonds	<u>6</u>	<u>8</u>
Total guarantees outstanding	<u>90</u>	<u>99</u>

## 6. FINANCIAL COMMITMENTS

The government reporting entity has approved long-term financial arrangements of various entities wherein indebtedness has been issued that is not guaranteed by the government, but funding assistance is provided annually from appropriations of the operating fund. The government reporting entity has also made future commitments against appropriations under long-term contracts that cover the acquisition and/or rental of physical assets. These financial commitments as at March 31 are as follows.

			(\$ millions)	
			1998	1997
Financial arrangements for completed projects:				
Hospitals and personal care homes			461	438
Public schools			<u>338</u>	<u>340</u>
			<u>799</u>	<u>778</u>
Future commitments:				
	Government Enterprises	Other		
Acquisition of physical assets	202	257	459	242
Rental of physical assets	34	71	105	107
Housing construction and approved mortgage	<u>-</u>	<u>23</u>	<u>23</u>	<u>15</u>
	<u>236</u>	<u>351</u>	<u>587</u>	<u>364</u>
			1,386	1,142

In addition to the approved outstanding debt for hospitals and personal care homes, lines of credit up to \$21 million (1997 - \$64 million) have been approved to finance capital projects for hospitals and personal care homes currently in process. On completion of these projects, the borrowings will be converted to other financing arrangements.

Finally, the government reporting entity has commitments which are not capital in nature, related primarily to future loans and grants, the maintenance of desktop equipment and the maintenance of social housing units, totalling \$283 million (1997 - \$122 million).

## 7. CONTINGENCIES

No provision has been made at March 31, 1998 in the accounts for the following significant contingencies as the final results are uncertain.

### A. Hudson Bay Mining and Smelting Company (HBMS)

The government is party to an agreement with HBMS in relation to the Ruttan Mine whereby, upon closure, the government is committed to paying environmental clean-up costs, certain hydro charges and the municipal tax liability in excess of the limit set as HBMS's share. It is estimated that the government's potential liability could be as high as \$7 million.

### B. Canadian National Railways (CNR)

The CNR has requested a declaration that The Retail Sales Tax Act does not apply to a major part of its costs related to railway rolling stock. CNR is requesting a refund of sales tax it has paid in that respect.

### C. VIA Rail Canada Inc. (VIA)

VIA has requested a declaration that the government is not entitled to interest charges relating to provincial audit assessments and that The Retail Sales Tax Act does not apply to certain services purchased by VIA in respect of railway rolling stock. VIA is requesting a refund of the interest charges and sales tax it has paid in that respect.

### D. Canadian Red Cross Society (CRCS), Canadian Blood Services (CBS) and Héma Québec (HQ)

After September 1, 1998, CBS and HQ will assume responsibility for delivery of the National Blood Supply Program from CRCS. The Province of Manitoba will share the amount to be paid to CRCS for its assets a portion of which will be paid into the Hepatitis C Liability Fund. The federal and provincial governments are committed to sharing the liability for Hepatitis C, the amount of which has not been determined at the date these financial statements were issued.

### E. Flood Costs

A provision has been made at March 31, 1998 for claims related to the April 1997 flood. The final amount of the government's share of these costs in the future is uncertain at the date these financial statements were issued.

### F. Manitoba Medical Association (MMA)

In February 1998, the MMA commenced legal proceedings against the government for actions taken alleged to be contrary to the MMA Agreement dated March 4, 1994. The claim was for at least \$ 27 million for special damages. The government is defending this action and has applied to have the action dismissed as having no legal basis.

### G. Ontario Hydro

In December 1992, Ontario Hydro terminated a 1,000-megawatt sale agreement with Manitoba Hydro-Electric Board (MHEB). In accordance with the termination provisions of the agreement, MHEB billed Ontario Hydro a total of \$133 million, which represented all related costs incurred. Ontario Hydro paid \$82 million and subsequently filed a statement of claim declaring, in part, that they had overpaid and that the amount billed by MHEB was overstated. In July 1994, MHEB filed a statement of defence and a cross-claim for the amount owing to MHEB. Examinations for discovery took place in June 1995 and October 1996. MHEB has since amended its cross-claim to plead that Ontario Hydro was not entitled to terminate the agreement at all, as it failed to use its best efforts to obtain the necessary environmental approvals. MHEB is now seeking recovery of its lost profits due to the cancellation. In 1994, MHEB recorded the total amount billed to Ontario Hydro as an offset to the related costs incurred and commenced amortization of these amounts over a 15 year period.



## 8. PENSION LIABILITY

The government of the Province of Manitoba supports five separate pension plans. These include the Civil Service Plan (CSP), the Teachers' Plan (TP), the Members of the Legislative Assembly Plan (MLAP), the University of Manitoba Pension Plan and the Brandon University Retirement Plan. The pension plans for the universities of Manitoba and Brandon are fully funded. There is no unfunded liability reported by the actuaries of the respective funds.

Actuarial valuations for funding purposes are performed on the CSP and the TP triennially. The most recent dates for these valuations were December 31, 1995 and January 1, 1998 respectively. An actuarial valuation of the MLAP was performed as at March 31, 1997.

The actuarial valuations were based on a number of assumptions about future events, such as interest rates, wage and salary increases, inflation rates and rates of employee turnover, disability and mortality.

Long-term inflation anticipated by the actuary is provided for information purposes. Inflation can affect the level of salaries and the level of interest rates as well as escalate the indexation rate used. In calculating future contributions, actuarial projections in respect of the rate of increases for inflation used an annual rate of increase equal to 3.75% (CSP), 3.75% (MLAP) and 2.0% (TP) for three years and 3.25% thereafter with a rate of return on investments of 7.5% (CSP), 7.5% (MLAP) and 7.0% (TP). Projected salary increases range from 2.25% to 11.0%.

During the year, the only amendment made to any of the plans was in the lifetime pension calculation in the TP.

The components of the unfunded pension liability and expense are as follows:

	(\$ millions)		
	Pension Expense 1998	Pension Liability 1998	Pension Liability 1997
Operating Fund			
Civil Service Superannuation Fund	112	1,079	828
Members of the Legislative Assembly	2	29	28
Teacher's Retirement Allowances Fund	143	1,449	1,313
Crown organizations (CSP)	<u>20</u>	<u>15</u>	<u>13</u>
	<u>277</u>	<u>2,572</u>	<u>2,182</u>

The pension liabilities of government enterprises are disclosed in Schedule 5.

### A. Civil Service Plan

The Civil Service Superannuation Act (CSSA) established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the government through the Civil Service Superannuation Fund (CSSF).

As at March 31, 1998, the CSP had approximately 34,700 participants including active members, retired employees and former employees with entitlements.

Certain amendments to the CSSA were made in 1992 which required that the CSSF establish and fund a separate account in an amount sufficient to cover the government's share of pension costs attributable to the 1992 amendments to the CSSA. The CSSF account maintained on behalf of the government at

March 31, 1998 was \$19 million (1997 - \$17 million).

The lifetime pension calculation equals 2% of a member's best five years average yearly pensionable earnings multiplied by pensionable service, minus 0.6% of the average Canada Pension Plan (CPP) earnings for the same period multiplied by pensionable service since January 1, 1966.

The CSSA requires that employees contribute 5.1% on pensionable earnings up to the CPP maximum earnings, and 7.0% of pensionable earnings above the maximum. 89.8% of contributions are used to fund basic benefits and 10.2% of contributions are allocated for indexing benefits. Contributions continue until the employee's retirement or other termination from service. Employee contributions for the year ended March 31, 1998 amounted to \$49 million.

Indexing benefits are not guaranteed and are paid only to the extent that the indexing adjustment account in CSSF can finance one-half of cost-of-living increases granted. The maximum annual adjustment is limited by legislation to two-thirds of the increase in the consumer price index for Canada.

The government does not make contributions to the CSSF during employees' service. By legislation, however, it is required to pay 50% of the pension disbursements made from the CSSF. For the year ended March 31, 1998, payments of \$61 million were made to the CSSF.

An actuarial valuation report of the government's liability to the CSSF was determined as at December 31, 1995. The report also provided a formula to update the liability on an annual basis. In accordance with the formula, the government's actuarial liability to the CSSF has been calculated on an indexed basis at \$1,079 million as at March 31, 1998 (1997 - \$828 million on a non-indexed basis). The report provides for annual indexing on the condition that the adjustment does not result in an unfunded pension liability.

## **B. Teachers' Plan**

The Teachers' Pension Act (TPA) established a defined benefit plan to provide pension benefits to teachers who have taught in public schools in Manitoba.

As at March 31, 1998, the Teachers' Retirement Allowances Fund (TRAF) had approximately 27,200 participants including active members, retired employees and former employees with entitlements.

The lifetime pension calculation is based upon the lesser of A or B:

- A) The years of service prior to July 1, 1980 multiplied by 2% and the average salary of the best 7 of the final 12 years of service and years of service after July 1, 1980 multiplied by 2% and the average salary of the best 5 of the final 12 years of service;

less

the years of service from January 1, 1966 to July 1, 1980 multiplied by .6% and the average annual salary up to the yearly maximum pensionable earnings for the same period and years of service after July 1, 1980 multiplied by .6% and the annual salary up to the yearly maximum pensionable earnings for the same period.

- B) 70% of the weighted average annual salary of the member in the 7 and 5-year periods used above.

The TPA requires that employees contribute 5.7% on pensionable earnings up to the CPP maximum earnings, and 7.3% on pensionable earnings above the maximum. 83.6% of contributions are used to fund basic benefits and 16.4% of contributions are allocated for indexing benefits. Contributions continue until the employee's retirement or other termination from service. Employee contributions for the year ended March 31, 1998 amounted to \$43 million.

Indexing benefits are not guaranteed and are paid only to the extent that one half of the pension adjustment does not result in an unfunded pension liability in TRAF.

The government does not make contributions to TRAF during employees' service. By legislation, however, it is required to pay 50% of pension disbursements and other disbursements made by TRAF as provided for in the TPA. For the year ended March 31, 1998, payments of \$61 million were made to TRAF.

An actuarial report was completed for TRAF as of January 1, 1998 which determined the government's pension liability on an indexed basis to be \$1,449 million at March 31, 1998 (1997 - \$1,313 million on a non-indexed basis). The report provides for annual indexing on the condition that the adjustment does not result in an unfunded pension liability.

### **C. Members of the Legislative Assembly Plan**

The pension plan for Members of the Legislative Assembly (MLA's) is established and governed by the Legislative Assembly Act (LAA). For MLA's elected prior to the dissolution of the Assembly of the 35th Legislature, the LAA provides for defined pension benefits based on years of service. For those elected after the 35th Legislature in April 1995, the LAA provides for matching contributions. As at March 31, 1998, there are 129 plan members who are entitled to receive future pension benefits in accordance with the LAA.

The calculation for defined pension benefits is equal to 3% of the average annual indemnities for the last five years served as a member or all the years served if less than five multiplied by the number of years of pensionable service up to April 1995. These entitlements are fully indexed to cost of living increases. The March 1997 actuarial valuation provides a formula to update the liability on an annual basis. The government's liability is calculated to be \$29 million at March 31, 1998 (1997 - \$28 million).

Under the matching contributions provisions, MLA's may contribute up to 7% of their remuneration toward a Registered Retirement Savings Plan (RRSP) of their choice. The government matches the member's contributions on a current basis; consequently, there is no liability for past service benefits under this component of the plan. In the event that a member withdraws money from the RRSP while an active member of the Legislative Assembly, the government's contribution would be refundable.

## **9. AMOUNTS HELD IN TRUST**

The government holds certain fiduciary trusts for investment or administration totalling \$292 million (1997 - \$269 million). Such deposits are pooled with other available funds of the government for investment purposes and are accorded a market rate of interest.

The government also provides a safekeeping service for various departments, agencies, boards and commissions. In this capacity, it holds custodial trust funds in the form of bonds and other securities totalling \$178 million (1997 - \$179 million).

The Civil Service Superannuation Fund, University of Manitoba Pension Plans and Brandon University Retirement Plan have been established by legislation to administer various pension and insurance trust funds to which the government reporting entity contributes but over which the government reporting entity has no power of appropriation. The total assets as at December 31st are as follows:

	(\$ millions)	
	1998	1997
Civil Service Superannuation Fund	1,819	2,084
University of Manitoba Pension Plans	662	608
Brandon University Retirement Plan	<u>63</u>	<u>55</u>
	<u>2,544</u>	<u>2,747</u>

## 10. PROVINCIAL MUNICIPAL TAX SHARING ACT

The municipal share of individual and corporation income taxes, which is paid to municipalities in accordance with The Provincial-Municipal Tax Sharing Act, is not recorded as revenue or expenditure. This amounted to \$62 million for the year ended March 31, 1998 (1997 - \$60 million).

## 11. YEAR 2000

The Year 2000 (Y2K) issue exists where information technology, computers and digital devices are used. The issue arises because many computer programs use two-digit date coding and will not properly recognize the year 2000. This has the potential to cause widespread disruption not only to information systems but also government operations. This matter is complex because many systems and controls are interdependent, including computer supported systems used in vital areas of the government.

After extensive review, the government reporting entity has developed processes to manage the operating risks associated with the Y2K issues. These may be separated into two categories as follows:

### 1) Fixing Existing Systems

Where it has been deemed prudent and effective, existing systems are being reprogrammed to make them Y2K compliant. The estimated cost of this initiative is \$68 million. Of this amount, \$13.6 million has been incurred during the year and \$4 million has been committed to specifically identified work plans.

In addition, costs associated with reprogramming systems in various health care institutions, for which the government will accept financial responsibility, are estimated to be \$31 million.

### 2) Y2K Compliance in the New Systems

Many of the government reporting entity's major systems, including its core business systems, are in the process of being replaced. While the primary goal was enhanced efficiency and effectiveness, it is expected that Y2K compliance will be achieved as a result of this replacement initiative. Given the foregoing, it is not possible to determine the cost of the Y2K component of these projects.

## 12. DEBT SERVICING

Debt servicing costs are net of cost recoveries and interest income of \$926 million for the year ended March 31, 1998 (1997 - \$933 million).

## 13. COMPARATIVE FIGURES

Certain of the 1997 financial statement figures have been restated to be consistent with the 1998 presentation.

The 1997 figures have been restated to be consistent with the presentation adopted in 1998 primarily as a result of applying the accounting policies of the reporting entity related to the difference in accounting treatment for Crown organizations. The restatement resulted in an increase to the accumulated deficit at March 31, 1997 of \$19 million (1996 - \$351 million).



## SCHEDULE 1

## CONSOLIDATED BORROWINGS

As at March 31, 1998  
(with comparative figures for 1997)

Fiscal Year of Maturity	(\$ millions)						Totals	
	Bonds and Debentures Cdn	US	Canada Pension Plan Cdn	Loans and Mortgages Cdn	Govt of Canada Cdn	Treasury Bills Cdn	1998	1997
1998.....	-	-	-	-	-	-	-	1,429
1999.....	1,060	79	99	-	-	325	1,563	1,244
2000.....	979	185	107	-	-	-	1,271	1,251
2001.....	1,590	504	111	-	-	-	2,205	2,177
2002.....	331	1,133	135	-	-	-	1,599	1,573
2003.....	770	1,043	132	-	-	-	1,945	1,931
1998-2003.....	4,730	2,944	584	-	-	325	8,583	9,605
2004-2008.....	2,049	944	612	-	-	-	3,605	3,042
2009-2018.....	1,620	458	502	-	-	-	2,580	1,654
2019-2031.....	900	1,912	-	211	-	-	3,023	2,982
2004-2031.....	4,569	3,314	1,114	211	-	-	9,208	7,678
Total borrowings.....	9,299	6,258	1,698	211	-	325	17,791	17,283
Reduced by:								
Unamortized debt issue costs.....	30	11	-	-	-	-	41	41
Debt of the Province of Manitoba held as government investments ..	89	-	-	-	-	-	89	83
	9,180	6,247	1,698	211	-	325	17,661	17,159

March 31/98 March 31/97  
Cdn \$ Valuation Cdn \$ Valuation  
(See Note) (See Note)

Borrowings payable in:  
Canadian dollars 8,786 8,129  
Foreign issues swapped  
to Canadian dollars 2,746 2,931  
U.S. dollars 4,896 5,338  
Foreign issues swapped  
to U.S. dollars 1,363 885  
Total borrowings 17,791 17,283

Note: The Canadian dollar valuation is calculated using the foreign currency exchange rates in effect at each March 31 adjusted for any foreign currency contracts entered into for settlement after those dates.

## SCHEDULE 2

**CONSOLIDATED ACCOUNTS PAYABLE, ACCRUED CHARGES,  
PROVISIONS AND DEFERRED REVENUE**

As at March 31, 1998  
(with restated comparative figures for 1997)

	(\$ millions)	
	1998	1997
Accounts payable.....	516	581
Accrued charges:		
Interest accrued on borrowings and trust funds.....	339	330
Other accrued liabilities:		
Access program student bursaries.....	-	1
Criminal Injuries Compensation Board.....	20	19
Flood claims.....	14	14
Flood costs.....	28	-
Gas and motive fuel tax.....	4	-
Gross Revenue Insurance Plan.....	19	18
Jobs and economic recovery initiative.....	2	-
Land acquisition claims.....	2	2
Manfor Ltd. divestiture.....	1	1
Manitoba Telephone System divestiture.....	-	9
Municipal assistance program.....	10	-
Net income stabilization .....	3	4
Provision for computer system upgrades.....	49	12
Provision for housing renovation projects.....	15	10
Salaries and benefits.....	84	72
Tobacco and fuel tax refunds.....	-	1
Tripartite land assembly program.....	2	2
Other.....	2	2
	<u>255</u>	<u>167</u>
Provision for future losses on guarantees.....	8	12
Deferred revenue.....	109	119
	<u>1,227</u>	<u>1,209</u>

## SCHEDULE 3

## CONSOLIDATED AMOUNTS RECEIVABLE

As at March 31, 1998  
(with comparative figures for 1997)

	(\$ millions)	
	1998	1997
<b>TAXATION REVENUE:</b>		
Corporation capital tax.....	2	2
Corporation income tax.....	38	34
Gasoline tax.....	13	12
Health and education tax levy.....	16	18
Individual income tax.....	97	155
Insurance corporation tax.....	9	9
Motive fuel tax.....	7	7
Oil and natural gas tax.....	1	-
Retail sales tax.....	74	70
Revenue Act, 1964 part 1.....	5	5
Tobacco tax.....	11	10
	<u>273</u>	<u>322</u>
<b>GOVERNMENT OF CANADA AND OTHER GOVERNMENTS:</b>		
Canada health and social transfer.....	8	-
Canada Mortgage and Housing Corporation.....	14	15
Equalization.....	3	26
Municipal corporations.....	60	60
Provinces and territories.....	8	8
Shared cost programs and other.....	146	40
	<u>239</u>	<u>149</u>
<b>INTEREST:</b>		
Province of Manitoba sinking fund.....	80	70
Other investments.....	14	6
	<u>94</u>	<u>76</u>
<b>OTHER:</b>		
Crop insurance.....	1	2
Manitoba Lotteries Corporation.....	-	3
Manitoba Telephone System divestiture - instalment payment.....	-	291
Sundry departmental revenue.....	6	8
Tripartite stabilization plan.....	2	-
Vehicle registration.....	7	6
Water power rentals.....	5	5
Winnipeg Jets.....	1	1
Other.....	37	40
	<u>59</u>	<u>356</u>
	<u>665</u>	<u>903</u>

## SCHEDULE 4

## CONSOLIDATED LOANS AND ADVANCES

As at March 31, 1998  
(with restated comparative figures for 1997)

	(\$ millions)	
	1998	1997
<b>GOVERNMENT ENTERPRISES:</b>		
Liquor Control Commission.....	5	5
Manitoba Hydro-Electric Board.....	5,647	5,139
Manitoba Lotteries Corporation.....	5	5
	<u>5,657</u>	<u>5,149</u>
<b>OTHER:</b>		
Canadian Hockey Association - World Junior Hockey Tournament.....	1	1
Hudson Bay Mining and Smelting Co. Ltd.....	28	55
Loans and mortgages.....	508	508
Manitoba Film and Sound Development Corporation.....	1	-
Manitoba Potash Corporation.....	3	3
Manitoba Telecom Services Inc.....	239	360
Regional family services agencies.....	8	8
Rural economic development initiatives program.....	1	1
Treaty Indian fuel tax.....	1	1
Venture capital program.....	1	1
Sundry.....	-	2
	<u>791</u>	<u>940</u>
Less: Valuation allowance.....	60	51
	<u>731</u>	<u>889</u>
<b>TOTAL LOANS AND ADVANCES</b>	<b>6,388</b>	<b>6,038</b>
Less: Sinking funds provided for repayment of applicable debt.....	863	613
	<u><u>5,525</u></u>	<u><u>5,425</u></u>

**SCHEDULE 5**  
**GOVERNMENT ENTERPRISES**  
**SUMMARY OF CONSOLIDATED OPERATING RESULTS AND FINANCIAL POSITION**  
For the Year Ended March 31, 1998 \*  
(with comparative figures for 1997)  
(\$ millions)

RESULTS OF OPERATIONS	UTILITY	INSURANCE	FINANCE	RESOURCE DEVELOPMENT	TOTAL 1998	TOTAL 1997
Revenues: From operations	1,041	793	610	3	2,447	2,909
Transfers from the government	-	-	-	-	-	-
Total revenues	<u>1,041</u>	<u>793</u>	<u>610</u>	<u>3</u>	<u>2,447</u>	<u>2,909</u>
Expenses: From operations	510	702	240	4	1,456	1,825
Transfers to the government	-	-	370	-	370	355
Debt servicing	420	-	-	-	420	501
Total expenses	<u>930</u>	<u>702</u>	<u>610</u>	<u>4</u>	<u>2,246</u>	<u>2,681</u>
Net income (loss) for the year	111	91	-	(1)	201	228
Adjustments required for consolidation **	-	-	-	-	-	(265)
Increase in equity in government enterprises	<u>111</u>	<u>91</u>	<u>-</u>	<u>(1)</u>	<u>201</u>	<u>(37)</u>
<b>FINANCIAL POSITION</b>						
Assets:						
Cash and equivalents	133	64	23	2	222	177
Amounts receivable	250	131	12	-	393	366
Long-term investments	-	1,422	-	3	1,425	1,289
Fixed assets	5,607	36	59	2	5,704	5,560
Other assets	630	96	16	4	746	761
Total assets	<u>6,620</u>	<u>1,749</u>	<u>110</u>	<u>11</u>	<u>8,490</u>	<u>8,153</u>
Liabilities:						
Accounts payable, accrued liabilities and deferred revenue	1,167	291	35	-	1,493	1,490
Long-term debt	-	-	-	-	-	-
-Owing to the government	4,260	-	10	2	4,272	4,104
-Owing to others	299	-	54	-	353	455
Provision for future benefits	-	-	-	-	-	-
-Pension obligations	328	61	5	-	394	377
-Future cost of existing claims	-	1,241	-	-	1,241	1,191
Total liabilities	<u>6,054</u>	<u>1,593</u>	<u>104</u>	<u>2</u>	<u>7,753</u>	<u>7,617</u>
Net assets	566	156	6	9	737	536
Adjustments required for consolidation **	-	-	-	(1)	(1)	(1)
Equity in government enterprises	<u>566</u>	<u>156</u>	<u>6</u>	<u>8</u>	<u>736</u>	<u>535</u>

\* For enterprises whose fiscal year is prior to March 31, the amounts reflected are as at their fiscal year end.

\*\* Adjustments required to reflect the effect of asset valuations, valuation allowances, dividend income and the divestiture of a government enterprise recorded in the Operating Fund.

## SCHEDULE 6

## CONSOLIDATED OTHER LONG-TERM INVESTMENTS

As at March 31, 1998  
(with restated comparative figures for 1997)

	(\$ millions)	
	1998	1997
OTHER INVESTMENTS, AT COST		
Common shares -		
Manitoba Potash Corporation-490,000 shares.....	5	5
Special shares -		
Crocus Investment Fund-2,000,000 shares.....	2	2
Debentures -		
Faneuil ISG Inc.....	16	16
Municipalities.....	3	4
Hospitals and personal care homes.....	-	1
Profit sharing agreement -		
Hudson Bay Mining and Smelting re: Ruttan Mine.....	11	11
Other -		
MCF Capital.....	4	2
	<u>41</u>	<u>41</u>
Less: Valuation allowance.....	20	20
	<u>21</u>	<u>21</u>

**SCHEDULE 7**

**FUNDS, ORGANIZATIONS AND ENTERPRISES  
COMPRISING THE GOVERNMENT REPORTING ENTITY**

**CONSOLIDATED FUND:  
OPERATING FUND AND  
SPECIAL FUNDS:**

Abandonment Reserve Fund  
Agriculture Farm Machinery and Equipment Act Fund  
Debt Retirement Fund  
Elk Management Fund  
Fiscal Stabilization Fund  
Manitoba Law Reform Commission  
Mining Community Reserve  
Quarry Rehabilitation Reserve  
Veterinary Science Scholarship Fund  
Victims Assistance Fund

**CROWN ORGANIZATIONS:**

Addictions Foundation of Manitoba  
Assiniboine Community College  
Board of Administration under the Embalmers and Funeral Directors Act  
Brandon University  
Centre culturel franco-manitobain  
Child and Family Services of Central Manitoba  
Child and Family Services of Western Manitoba  
Communities Economic Development Fund  
Cooperative Loans and Loans Guarantee Board  
Cooperative Promotion Board  
\* Council on Post-Secondary Education  
Criminal Injuries Compensation Board  
Crown Corporations Council  
Deer Lodge Centre Inc.  
Economic Innovation and Technology Council  
(N) Government Information Systems Management Organization (Man) Inc.  
Health Information Services of Manitoba (HISM) Corporation  
Horse Racing Commission  
Insurance Council of Manitoba  
Keewatin Community College  
Legal Aid Services Society of Manitoba  
Manitoba Adolescent Treatment Centre Inc.  
Manitoba Agricultural Credit Corporation  
Manitoba Arts Council  
Manitoba Boxing Commission  
Manitoba Cancer Treatment and Research Foundation  
Manitoba Centennial Centre Corporation  
Manitoba Community Services Council Inc.  
Manitoba Crop Insurance Corporation  
Manitoba Development Corporation  
Manitoba Foundation  
(N) Manitoba Gaming Control Commission  
Manitoba Habitat Heritage Corporation  
Manitoba Health Research Council  
Manitoba Health Services Insurance Plan

## SCHEDULE 7

(cont'd)

Manitoba Hospital Capital Financing Authority  
 Manitoba Housing and Renewal Corporation  
 Manitoba Trade and Investment Corporation  
 Manitoba Water Services Board  
 Public Schools Finance Board  
 Red River Community College  
 Rehabilitation Centre for Children Inc.  
 Special Operating Agencies Financing Authority  
     Civil Legal Services  
     Companies Office  
     Fleet Vehicles Agency  
     Food Development Centre  
     Industrial Technology Centre  
     Land Management Services  
     Mail Management Agency  
     Manitoba Education, Research and Learning  
         Information Networks (Merlin)  
     Manitoba Text Book Bureau  
     Materials Distribution Agency  
     Office of the Fire Commissioner  
     Organization and Staff Development  
     Pineland Forest Nursery  
     The Property Registry  
     The Public Trustee  
     Vital Statistics Agency  
 University of Manitoba  
 Venture Manitoba Tours Ltd.  
 Winnipeg Child and Family Services

### GOVERNMENT ENTERPRISES: (Schedule 5) (Note 4)

#### Utility:

Manitoba Hydro-Electric Board

#### Insurance:

Manitoba Public Insurance Corporation  
 Workers Compensation Board

#### Finance:

Manitoba Liquor Control Commission  
 Manitoba Lotteries Corporation  
 Manitoba Product Stewardship Corporation

#### Resource Development:

Leaf Rapids Town Properties Ltd.  
 Manitoba Hazardous Waste Management Corporation

(N) Two Crown organizations were added to the government reporting entity for the year ended March 31, 1998.

\* The University Grants Commission Act was repealed effective April 1, 1997 by the Council on Post-Secondary Education Act. The Council on Post-Secondary Education Act provided that the University Grants Fund be continued as the Post-Secondary Grants Fund. All assets and liabilities of the Universities Grants Commission were transferred to the Council on Post-Secondary Education.



# SCHEDULE 8

## RECONCILIATION OF OPERATING FUND BUDGETARY SURPLUS TO CONSOLIDATED NET INCOME

	(\$ millions)			
	1997-98 Operations per Entity Financial Statements	Adjustments on Consolidation	1997-98 Consolidated Net Income	1996-97 Consolidated Net Income
<b>OPERATING FUND AND SPECIAL FUNDS</b>	<u>64</u>	<u>-</u>	<u>64</u>	<u>360</u>
<b>CROWN ORGANIZATIONS</b>				
Assiniboine Community College	-	-	-	(1)
Brandon University	1	-	1	-
Deer Lodge Centre Inc.	(2)	-	(2)	1
Economic Innovation and Technology Council	-	-	-	1
Keewatin Community College	1	(1)	-	1
Manitoba Adolescent Treatment Centre Inc.	-	-	-	1
Manitoba Agricultural Credit Corporation	(3)	5	2	4
Manitoba Arts Council	(1)	-	(1)	-
Manitoba Cancer Treatment and Research Foundation	5	(3)	2	1
Manitoba Crop Insurance Corporation	55	-	55	55
Manitoba Development Corporation	-	-	-	(4)
Manitoba Housing and Renewal Corporation	-	10	10	23
Manitoba Trade and Investment Corporation	-	-	-	1
Manitoba Water Services Board	-	(1)	(1)	-
Public Schools Finance Board	(1)	(4)	(5)	(3)
Red River Community College	1	(2)	(1)	1
Special Operating Agencies Financing Authority	12	(15)	(3)	7
Universities Grants Commission	-	-	-	(1)
University of Manitoba	20	(16)	4	(3)
Winnipeg Child and Family Services	-	-	-	(1)
<b>TOTAL CROWN ORGANIZATIONS</b>	<u>88</u>	<u>(27)</u>	<u>61</u>	<u>83</u>
<b>GOVERNMENT ENTERPRISES</b>				
Leaf Rapids Town Properties Ltd.	(1)	-	(1)	-
Manitoba Hydro - Electric Board	111	-	111	101
Manitoba Product Stewardship Corporation	-	-	-	2
Manitoba Public Insurance Corporation	76	-	76	46
Manitoba Telephone System (note)	-	-	-	(233)
Workers Compensation Board	15	-	15	47
<b>TOTAL GOVERNMENT ENTERPRISES</b>	<u>201</u>	<u>-</u>	<u>201</u>	<u>(37)</u>
<b>PENSION LIABILITY INCREASE</b>	<u>(2)</u>	<u>(151)</u>	<u>(153)</u>	<u>(143)</u>
<b>TOTAL CONSOLIDATED NET INCOME</b>	<u>351</u>	<u>(178)</u>	<u>173</u>	<u>263</u>

Note: 1996-97 operations have been adjusted for the divestiture of The Manitoba Telephone System.

# SCHEDULE 9

## RECONCILIATION OF OPERATING FUND ACCUMULATED DEFICIT TO CONSOLIDATED ACCUMULATED DEFICIT

(\$ millions)

	Accumulated Surplus (Deficit) March 31, 1997	1997-98 Consolidated Net Income	Adjustments to Accumulated Surplus (Deficit)	Accumulated Surplus (Deficit) March 31, 1998
<b>OPERATING FUND AND SPECIAL FUNDS</b>	<u>(6,475)</u>	<u>64</u>	<u>(5)</u>	<u>(6,416)</u>
<b>CROWN ORGANIZATIONS</b>				
Brandon University	(2)	1	-	(1)
Child and Family Services of Western Manitoba	1	-	-	1
Deer Lodge Centre Inc.	2	(2)	-	-
Economic Innovation and Technology Council	1	-	-	1
Keewatin Community College	2	-	-	2
Legal Aid Services Society of Manitoba	1	-	(1)	-
Manitoba Agricultural Credit Corporation	(5)	2	-	(3)
Manitoba Arts Council	1	(1)	-	-
Manitoba Cancer Treatment and Research Foundation	24	2	-	26
Manitoba Crop Insurance Corporation	73	55	-	128
Manitoba Development Corporation	3	-	-	3
Manitoba Housing and Renewal Corporation	(372)	10	-	(362)
Manitoba Trade and Investment Corporation	4	-	-	4
Manitoba Water Services Board	-	(1)	-	(1)
Public Schools Finance Board	4	(5)	-	(1)
Red River Community College	(1)	(1)	-	(2)
Special Operating Agencies Financing Authority	4	(3)	-	1
University of Manitoba	30	4	-	34
Winnipeg Child and Family Services	(1)	-	(2)	(3)
	<u>(231)</u>	<u>61</u>	<u>(3)</u>	<u>(173)</u>
<b>GOVERNMENT ENTERPRISES</b>				
Leaf Rapids Town Properties Ltd.	4	(1)	-	3
Manitoba Hazardous Waste Management Corporation	6	-	-	6
Manitoba Hydro - Electric Board	455	111	-	566
Manitoba Product Stewardship Corporation	6	-	-	6
Manitoba Public Insurance Corporation	26	76	-	102
Workers Compensation Board	38	15	-	53
	<u>535</u>	<u>201</u>	<u>-</u>	<u>736</u>
<b>PENSION LIABILITY INCREASE</b>	<u>(2,181)</u>	<u>(153)</u>	<u>(237)</u>	<u>(2,571)</u>
<b>TOTAL CONSOLIDATED BALANCES*</b>	<u>(8,352)</u>	<u>173</u>	<u>(245)</u>	<u>(8,424)</u>

\* Differences may result from rounding.



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